

IT 98-0058-GIL 07/10/1998 SUBTRACTION MODIFICATIONS - OTHER
RULINGS

General Information Letter: Inquiry regarding income exempt from
Illinois Income Tax.

July 10, 1998

Dear:

This is in response to your recent letter of June 8, 1998 in which you request bulletins specifying what sources of income are exempt from taxation by the State of Illinois.

Pursuant to section 201 of the Illinois Income Tax Act, ("IITA") a tax measured by net income is imposed upon "every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of this State. Such tax shall be in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof."

Section 202 defines net income as:

In general. For purposes of this Act, a taxpayer's net income for a taxable year shall be that portion of his base income for such year except money and other benefits, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle, which is allocable to this State under the provisions of Article 3, less the standard exemption allowed by Section 204 and the deduction allowed by Section 207. (Source: P.A. 85-731.)

Base income is then defined in §203, and for individuals is the taxpayer's adjusted gross income from their federal tax return modified by several additions and exclusions listed in § 203. (See enclosed). Accordingly, virtually all forms of income are taxable by the State of Illinois. I have enclosed a copy of §205, dealing with certain exempt organizations, and some regulations which interpret §203.

I hope that this has been helpful to you. If you have additional questions please feel free to contact me at the above address.

Sincerely,

Charles E. Matoesian
Associate Attorney (Income Tax)